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COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

SHREVEPORT, LOUISIANA

FINANCIAL STATEMENTS

June 30, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/14/07

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

SHREVEPORT, LOUISIANA

FINANCIAL STATEMENTS

June 30, 2006

Marsha O. Millican
Certified Public Accountant
Shreveport, Louisiana

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

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Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Council on Alcoholism and Drug Abuse
of Northwest Louisiana, Inc.
Shreveport, Louisiana

I have audited the accompanying statement of financial position of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. (a non-profit organization) as of and for the year ended June 30, 2006. These financial statements are the responsibility of Council's, management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated December 8, 2006 on my consideration of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

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My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of state contracts listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Marsha D. Miller

Certified Public Accountant
December 8, 2006

EXHIBIT A

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Statement of Financial Position

June 30, 2006

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 95,894
Grants and Contracts Receivable	383,878
Prepaid Insurance	55,472
Other Assets	<u>1,420</u>

Total Current Assets	536,664
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PROPERTY AND EQUIPMENT (Net)	1,328,542
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OTHER ASSETS

Deposits	<u>920</u>
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Total Assets	<u>\$1,866,126</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 123,488
Compensated Absences Payable	33,781
Other Current Liabilities	-
Notes Payable - Current Maturities	<u>116,540</u>

Total Current Liabilities	273,809
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LONG-TERM LIABILITIES

Notes Payable - net of Current Portion	<u>269,240</u>
--	----------------

Total Liabilities	<u>543,049</u>
-------------------	----------------

NET ASSETS

Unrestricted	1,323,077
Temporarily restricted	-
Permanently restricted	<u>-</u>

Total net assets	<u>1,323,077</u>
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Total liabilities and net assets	<u>\$1,866,126</u>
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The accompanying notes are an integral part of this statement.

EXHIBIT B

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Statement of Activities

For the Year Ended June 30, 2006

SUPPORT AND REVENUE:	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support:				
Grants	\$ -	\$ 310,099	\$ -	\$ 310,099
Contributions	171,884	-	-	171,884
Allocations from Federal Fund Raising Organization	-	42,937	-	42,937
Total Support	171,884	353,036	-	524,920
Revenue:				
Client fees	76,297	-	-	76,297
Program service fees	2,183,476	-	-	2,183,476
Rental revenue	61,000	-	-	61,000
Miscellaneous	36,333	-	-	36,333
Total Support and Revenue	2,528,990	353,036	-	2,882,026
Net Assets Released from Restrictions:				
Satisfaction of usage restrictions	353,036	(353,036)	-	-
Total Support and Revenue	2,882,026	-	-	2,882,026
EXPENSES:				
Program Services	2,544,704	33,482	-	2,578,186
Management and General	361,495	-	-	361,495
Total Expenses	2,906,199	33,482	-	2,939,681
Change in Net Assets before Other Income	(24,173)	(33,482)		(57,655)
OTHER INCOME (EXPENSE)				
Contract Excess Reimbursement	25,212	-	-	25,212
Abatement of IRS Penalties	45,505	-	-	45,505
Loss on Sale of Assets	(53,687)	-	-	(53,687)
Change in Net Asset	(7,143)	(33,482)	-	(40,625)
Net assets, beginning of year	1,330,220	33,482	-	1,363,702
Net Assets, June 30	\$ 1,323,077	\$ -	\$ -	\$ 1,323,077

The accompanying notes are an integral part of this statement.

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Statement of Functional Expenses

Year Ended June 30, 2006

	<u>Caddo Bossier Center</u>	<u>Adolescent Center</u>	<u>Buckhalter Program</u>	<u>Employee Assistance Program</u>	<u>STEPS</u>
Salaries	\$ 76,399	\$ 237,830	\$ 163,222	\$ 98,229	\$ 121,542
Payroll taxes	5,589	17,617	12,120	7,330	9,069
Building rent	26	24,000	5,448	-	18,000
Equipment rent/lease	1,021	99	1,425	81	1,335
Fundraising expenses	-	-	-	-	-
Utilities and telephone	3,575	27,089	1,819	5,686	4,881
Auto	1,402	2,553	2,119	19	615
Insurance	17,986	34,664	32,309	13,938	22,416
Training & travel	639	2,552	1,837	1,497	1,583
Annual meeting	-	-	-	-	-
Food	11,901	34,267	38,803	-	18,700
Maintenance and repair	934	15,605	1,362	1,834	2,223
Supplies	4,050	9,508	9,246	2,500	8,499
Printing and literature	516	608	949	1,391	936
Depreciation	9,157	10,365	9,008	-	9,996
Professional services	8,222	15,563	10,850	10,167	7,170
Advertising and promotion	30	51	30	1,353	30
Interest expense	79	179	1,207	69	46
Miscellaneous	1,679	5,322	4,787	1,750	4,999
Total	<u>\$ 143,205</u>	<u>\$ 437,872</u>	<u>\$ 296,541</u>	<u>\$ 145,844</u>	<u>\$ 232,040</u>

The accompanying notes are an integral part of this statement.

Family Success Institute	Mansfield ADAC	Caddo Adult Drug Court	Bledenharn Center	Cavanaugh Center	Serenity House	Management and General	Total
\$ 208,350	\$ 13,648	\$ 57,267	\$ 152,545	\$ 282,519	\$ -	\$ 138,647	\$ 697,222
15,224	1,007	4,296	11,267	21,012	-	13,264	51,725
12,000	1,800	-	38,524	12,000	-	-	47,474
85	40	81	256	85	-	198	3,961
-	-	-	-	-	-	704	704
21,878	1,591	5,359	24,642	21,858	8,065	6,686	133,129
7,741	-	92	31	2,643	2	100	17,317
42,462	2,176	7,218	23,293	35,133	2,646	34,610	268,851
1,461	174	2,052	5,497	2,001	-	10,780	30,073
-	-	-	-	-	-	-	-
27,771	-	-	3,101	30,930	-	467	165,940
12,070	276	3,106	5,120	12,563	3,000	4,707	62,800
9,466	157	2,299	13,133	8,715	285	3,859	71,717
544	35	263	331	571	-	906	7,050
6,290	62	-	2,142	8,051	13	41,844	96,928
9,997	11,902	39,061	10,672	17,697	1,417	60,498	203,216
30	150	30	55	34	-	4,029	5,822
136	7	56	45	133	14	26,288	28,259
5,012	932	989	18,678	5,101	221	13,908	63,378
<u>\$ 380,517</u>	<u>\$ 33,957</u>	<u>\$ 122,169</u>	<u>\$ 309,332</u>	<u>\$ 461,046</u>	<u>\$ 15,663</u>	<u>\$ 361,495</u>	<u>\$ 1,955,566</u>

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Statement of Cash Flows

For the Year Ended June 30, 2006

Cash flows from operating activities:

Decrease in net assets	(40,625)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Loss on sale of assets	53,687
Depreciation	96,928
Decrease in grants and contracts receivable	78,802
Decrease in prepaid insurance	14,356
Decrease in due from affiliated companies	2,817
Increase in other current assets	(321)
Increase in deposits	(920)
Decrease in accounts payable and accrued expenses	(124,568)
Increase in compensated absences payable	3,664
Decrease in due to affiliated companies	(2,630)
Decrease in other long-term liabilities	(25,212)
Total adjustments	<u>96,603</u>
Net cash provided by operating activities	<u>55,978</u>

Cash flow from investing activities:

Proceeds from the sale of fixed assets	240,000
Purchase of fixed assets	<u>(42,547)</u>
Net cash provided by investing activities	<u>197,453</u>

Cash flow from financing activities:

Principal payments on long-term debt	<u>(233,375)</u>
Net cash used by financing activities	<u>(233,375)</u>

Net increase in cash and cash equivalents 20,056

Cash and equivalents, beginning of year 75,838

Cash and equivalents, end of year \$ 95,894

Supplemental disclosures of cash flow information:

Cash paid during the year for:	
Interest expense	<u>\$ 25,500</u>

The accompanying notes are an integral part of this statement.

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Notes to Financial Statements

June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General:

The Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. is a nonprofit organization exempt for Federal income tax purposes under Section 501(C)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

B. Nature of Activities:

The purpose of the Council is to heighten public awareness that substance abuse is a preventable and treatable disease through a combined strategy of education, public policy changes and the efforts of individuals, families and all elements of the community working in concert. The council operates an information center providing a wide variety of information and referrals. The Council also operates the Caddo Bossier Center, the Adolescent Center, the Cavanaugh Center, and the Buckhalter Hotel that provide long-term residential treatment for adults and teens.

C. Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

D. Support and Revenue:

The Council receives its grant, contract support, and program service fees primarily from the State of Louisiana Department of Health and Hospitals and other State Agencies. The Council also receives funds from U.S. Department of HUD and the U.S. Small Business Administration. Support and revenue received from those grants and contracts is recognized on a "net funded" basis whereby State of Louisiana Department of Health and Hospitals, Office for Addictive Disorders funding is recognized on a last-dollar-in basis. Related expenses incurred are "netted" first by client fees and food stamp income in determining grant funds to be recognized. The Council receives client fees and food stamp income for billable client services and recognizes these fees and income when earned.

E. Cash and Cash Equivalents:

For purposes of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued)

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Notes to Financial Statements

June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F. Property and Equipment:

Purchased property and equipment are stated at cost. The Council's policy is to capitalize and depreciate long-lived assets with a cost of \$1,000 or more. Donated property and equipment are stated at their fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from five to seven years (furniture and equipment) to 10 to 39 years (buildings, improvements and leasehold improvements).

G. Contributions:

All contributions received are considered available for unrestricted use unless the donor specifies a restriction. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net asset are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

H. Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates made by management include realization of receivables and depreciation.

I. Functional Allocation of Expenses:

The costs of providing the Council's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

1. Cash

At June 30, 2006, the carrying amount of the Council's cash balances on the books (including petty cash of \$4,170) was \$95,894 whereas the related bank cash balances totaled \$188,577. The difference in the book and bank balances for cash relates primarily to checks written which did not clear the bank accounts by year-end. Cash balances of \$136,024 are insured by FDIC insurance. Deposits of \$52,553 are unsecured.

(Continued)

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Notes to Financial Statements

June 30, 2006

2. Grants and Contracts Receivable:

Grants and contracts receivable at June 30, 2006 are as follows:

Department of Health and Hospitals	\$ 150,359
U.S. Department of HUD	104,165
City of Shreveport	1,800
Other Receivables	<u>127,554</u>
Total	<u>\$ 383,878</u>

All grants and contracts receivable at June 30, 2006, are believed by management to be fully collectible.

3. Property and Equipment:

Property and Equipment consists of the following:

Buildings and Land	\$ 1,321,680
Leasehold Improvements	253,016
Furniture and Fixtures	35,325
Equipment	<u>564,174</u>
	2,174,195
Less Accumulated Depreciation	<u>(845,653)</u>
Property and Equipment - Net	<u>\$ 1,328,542</u>

4. Notes Payable

Notes payable at June 30, 2006, consist of the following:

Note payable to AmSouth Bank, interest at 5.00%, \$3,267 monthly principal and interest through September 1, 2006, at which time a balloon payment of the balance of the note is due; collateralized by real estate; refinanced subsequent to year end as follows: interest at 7.75%, \$3,284 monthly principal and interest through October 10, 2011. \$ 279,490

Note payable to AmSouth Bank, interest at 5.00%, \$1,591 monthly principal and interest through January 6, 2007, at which time a balloon payment of the balance of the note is due; unsecured. 94,438

Note payable to AmSouth Bank, interest at 7.9%, \$516 monthly principal and interest through July 11, 2008, collateralized by vehicle	<u>11,852</u>
Total notes payable	385,780
Less: Current portion notes payable	<u>116,540</u>
Long-term portion notes payable	<u>\$ 269,240</u>

Maturities of long-term debt including interest of \$88,817 are as follows:
6/30/2007-\$148,351; 6/30/2008-\$45,087; 6/30/09-\$39,409; 6/30/10-\$39,409;
6/30/11-\$39,409; 6/30/12 and after \$162,932.

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Notes to Financial Statements

June 30, 2006

5. Rental Expense

The Council leases the facilities that house its Caddo-Bossier Center on a ten (10) year basis for \$1 per year beginning July 1, 1997, and ending June 30, 2007.

The Council rents facilities for its Buckhalter and STEPS program on a month to month basis for a total of \$1,950 per month.

6. Sale of Asset

On December 1, 2005, the Council sold real estate located at 324 Texas Street, Shreveport, Louisiana for \$240,000. The Council sustained a loss on the sale of \$53,687 computed as follows:

Gross Sales Price	\$ 240,000
Cost	350,201
Accumulated Depreciation	(56,514)
Net Book Value	<u>293,687</u>
Loss on Sale of Asset	<u>\$ 53,687</u>

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

<u>FEDERAL GRANTOR/ PROGRAM TITLE *</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through the Louisiana Department Of Health & Hospitals:				
Office of Addictive Disorders:				
Subs Abuse Counselor LSUHSC	93.959	\$ 43,000	\$ 42,250	\$ 42,250
Half-way House Caddo-Bossier Center	93.959	123,994	108,425	108,425
Half-way House Adolescent Center	93.959	454,295	343,005	343,005
Half-way House Buckhalter Hotel	93.959	149,500	149,325	149,325
Social Detoxification S.T.E.P.S.	93.959	143,000	137,585	137,585
Half-way House Family Success Institute	93.959	420,201	385,416	385,416
Access to Recovery	93.959	48,922	48,922	48,922
Outpatient Services Mansfield ADAC	93.959	<u>30,000</u>	<u>14,337</u>	<u>14,337</u>
Subtotal CFDA# 93.959		<u>1,412,912</u>	<u>1,229,265</u>	<u>1,229,265</u>
Total for U.S. Department of Health and Human Services		<u>1,412,912</u>	<u>1,220,265</u>	<u>1,229,265</u>
<u>U.S. Small Business Administration:</u>				
Paul Coverdell Drug-Free Workplace	59.037	<u>79,725</u>	<u>11,177</u>	<u>11,177</u>
<u>U.S. Department of HUD:</u>				
Supportive Housing Program	14.235	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Total - All Federal Awards		<u>\$1,742,637</u>	<u>\$1,490,442</u>	<u>\$ 1,490,442</u>

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Schedule of State Contracts
For the Year Ended June 30, 2006

<u>FEDERAL GRANTOR/ PROGRAM TITLE *</u>	<u>CONTRACT NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u>				
Passed through the Louisiana Department Of Health & Hospitals:				
Office of Addictive Disorders:				
LSUHSC*				
Pilot Emergency Room	43743	\$ 43,000	\$ 42,250	\$ 42,250
Half-way House *				
Caddo-Bossier Center	43005	123,994	108,425	108,425
Half-way House *				
Adolescent Center	43001	454,295	343,005	343,005
Outpatient Services	43007	38,000	35,000	35,000
Half-way House *				
Buckhalter Hotel	43003	149,500	149,325	149,325
Social Detoxification *				
S.T.E.P.S.	43009	143,000	147,585	137,585
Half-way House *				
Family Success Institute	43006	420,201	385,416	385,416
Inpatient Treatment				
Cavanaugh Center	43002	646,080	492,660	492,660
Access to Recovery * H79 T116799-01		48,922	48,922	48,922
Outpatient Services				
Mansfield ADAC *	43008	<u>30,000</u>	<u>14,337</u>	<u>14,337</u>
Total - Office of Addictive Disorders		<u>2,096,992</u>	<u>1,756,925</u>	<u>1,756,925</u>
Total - All State Contracts		<u>\$2,096,992</u>	<u>\$1,756,925</u>	<u>\$ 1,756,925</u>

* Indicates Federal Awards

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Corrective Action Taken on Prior Year Findings

For the Year Ended June 30, 2006.

There were no findings for the year ended June 30, 2005.



Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Council on Alcoholism and Drug Abuse
of Northwest Louisiana, Inc.
Shreveport, Louisiana

I have audited the financial statements of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. as of June 30, 2006, and have issued my report thereon dated December 8, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. is free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. This report is intended for the information of management and federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Martha D. Millman

Certified Public Accountant
December 8, 2006



Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Council on Alcoholism and Drug Abuse
of Northwest Louisiana, Inc.
Shreveport, Louisiana

Compliance

I have audited the compliance of Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Council's management. My responsibility is to express an opinion on the Council's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Council's compliance with those requirements.

In my opinion, Council on Alcohol and Drug Abuse of Northwest Louisiana, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

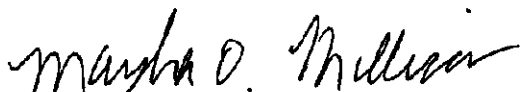
810 WILKINSON
SHREVEPORT, LA 71104-3036
(318) 221-3881
FAX: (318) 221-4641

Internal Control Over Compliance

The management of Council on Alcohol and Drug Abuse of Northwest Louisiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more on the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information of management, the Board of Directors and applicable federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountant
December 8, 2006

COUNCIL ON ALCOHOLISM AND DRUG ABUSE
OF NORTHWEST LOUISIANA, INC.

Schedule of Findings

For the Year Ended June 30, 2006

Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements.
2. The auditor's report on compliance for major federal award programs expresses an unqualified opinion on all major federal programs.
3. The programs tested as major programs included:
 - 93.959 Halfway House - Adolescent Center
 - 93.959 Halfway House - Family Success Institute
4. The threshold for distinguishing Type A and B programs was \$500,000.
5. Council on Alcoholism and Drug Abuse of Northwest Louisiana, Inc. was not determined to be a low risk auditee.

FINDING/NONCOMPLIANCE

There were no findings for the year ended June 30, 2006.